

# CROSBY

## CROSBY CAPITAL LIMITED

(高誠資本有限公司)\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8088)

### 3RD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

#### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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\* For identification purposes only

## **ABOUT CROSBY CAPITAL LIMITED**

Crosby Capital Limited (“Crosby” or the “Company” and, together with its subsidiaries, the “Group”) is an independent asset management group listed on the Hong Kong Stock Exchange’s GEM board (HK GEM 8088).

The Group is principally engaged in the businesses of asset management.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group has continued to focus its resources on the development of the Group’s asset management businesses and on the cost control. The Group intends to increase its assets under management in different asset classes either by organically expanding its existing asset management businesses, launching new investment funds under its management or by collaboration with other fund managers, or via the commencement or acquisition of new financial services businesses complementary to the Group’s businesses, including but not limited to asset management businesses.

Our asset management activities comprise mainly fund management businesses under Shikumen. BlackPine Private Equity Partners Fund, a private equity fund managed by Shikumen, which has commenced investment activities and contributed fee income to the Group since its launch in early 2011 and accomplished a subsequent closing with further committed funding from overseas institutional investors in July 2012.

The Group reported a loss attributable to owners of the Company for the nine months under review of US\$6.5 million as compared to that of US\$4.0 million for the corresponding period last year, losses of US\$5.7 million and US\$3.8 million of which are from continuing operations respectively. Excluding loss on financial liabilities at fair value through profit or loss of US\$1.5 million for the nine months under review (2012: gain of US\$1.5 million), the loss attributable to owners from the continuing operations for the nine months under review was US\$4.2 million (2012: US\$5.3 million).

Revenue from continuing operations decreased to US\$1.3 million for the nine months under review from that of US\$1.6 million for the corresponding period last year. Total operating expenses (being other administrative expenses plus other operating expenses) from continuing operations for the nine months under review were US\$4.0 million which is slightly reduced as compared to that of US\$4.1 million for the corresponding period last year.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months and three months ended 30 September 2013 (the “Review Periods”), together with the comparative unaudited figures of the corresponding periods in 2012, as follows:

|  | <i>Notes</i> | Unaudited<br>Nine months<br>ended 30 September |                                       | Unaudited<br>Three months<br>ended 30 September |                                       |
|--|--------------|--|---------------------------------------|---|---------------------------------------|
|  |              | 2013<br><i>US\$'000</i>                        | (Restated)<br>2012<br><i>US\$'000</i> | 2013<br><i>US\$'000</i>                         | (Restated)<br>2012<br><i>US\$'000</i> |
| <b>Continuing operations</b>   |              |  |                                       |   |                                       |
| <b>Revenue</b>   | 3            | <b>1,291</b>                                   | 1,610                                 | <b>360</b>                                      | 632                                   |
| Cost of sales  |              | <b>92</b>                                      | (446)                                 | <b>(28)</b>                                     | (150)                                 |
| <b>Gross profit</b>  |              | <b>1,383</b>                                   | 1,164                                 | <b>332</b>                                      | 482                                   |
| (Loss)/Gain on financial liabilities<br>at fair value through profit or loss |              | <b>(1,504)</b>                                 | 1,541                                 | <b>(2,219)</b>                                  | (2,866)                               |
| Other income   | 3            | <b>303</b>                                     | 74                                    | <b>(2)</b>                                      | 29                                    |
| Administrative expenses  |              |  |                                       |   |                                       |
| Amortisation of intangible assets  |              | <b>–</b>                                       | (569)                                 | <b>–</b>  | (165)                                 |
| Other administrative expenses  |              | <b>(3,763)</b>                                 | (3,773)                               | <b>(1,216)</b>                                  | (1,275)                               |
|  |              | <b>(3,763)</b>                                 | (4,342)                               | <b>(1,216)</b>                                  | (1,440)                               |
| Other operating expenses   |              | <b>(195)</b>                                   | (333)                                 | <b>(36)</b>                                     | (95)                                  |
| <b>Loss from operations</b>  |              | <b>(3,776)</b>                                 | (1,896)                               | <b>(3,141)</b>                                  | (3,890)                               |
| Finance costs  |              | <b>(1,939)</b>                                 | (1,866)                               | <b>(661)</b>                                    | (600)                                 |
| <b>Loss before taxation</b>  |              | <b>(5,715)</b>                                 | (3,762)                               | <b>(3,802)</b>                                  | (4,490)                               |
| Taxation   | 4            | <b>(8)</b>                                     | –                                     | <b>–</b>  | –                                     |
| <b>Loss for the period from<br/>continuing operations</b>                    |              | <b>(5,723)</b>                                 | (3,762)                               | <b>(3,802)</b>                                  | (4,490)                               |
| <b>Discontinued operations</b>   |              |  |                                       |   |                                       |
| Loss for the period from<br>discontinued operations                          | 6            | <b>(841)</b>                                   | (538)                                 | <b>(132)</b>                                    | (178)                                 |
| <b>Loss for the period</b>   |              | <b>(6,564)</b>                                 | (4,300)                               | <b>(3,934)</b>                                  | (4,668)                               |

|   | <i>Note</i> | <b>Unaudited<br/>Nine months<br/>ended 30 September</b> |                 | <b>Unaudited<br/>Three months<br/>ended 30 September</b> |                 |
|---|-------------|---|-----------------|--|-----------------|
|   |             | <b>2013</b>   | <b>2012</b>     | <b>2013</b>  | <b>2012</b>     |
|   |             | <i>US\$'000</i>   | <i>US\$'000</i> | <i>US\$'000</i>  | <i>US\$'000</i> |
| <b>Attributable to:</b>                                     |             |   |                 |  |                 |
| Owners of the Company                                       |             |   |                 |  |                 |
| Loss for the period from continuing operations              |             | <b>(5,723)</b>  | (3,762)         | <b>(3,802)</b>   | (4,490)         |
| Loss for the period from discontinued operations            |             | <b>(771)</b>  | (261)           | <b>(131)</b>   | (83)            |
|   |             | <b>(6,494)</b>  | (4,023)         | <b>(3,933)</b>   | (4,573)         |
| Non-controlling interests                                   |             |   |                 |  |                 |
| Loss for the period from continuing operations              |             | –   | –               | –  | –               |
| Loss for the period from discontinued operations            |             | <b>(70)</b>   | (277)           | <b>(1)</b>   | (95)            |
| <b>Loss for the period</b>                                  |             | <b>(6,564)</b>  | (4,300)         | <b>(3,934)</b>   | (4,668)         |
| <b>Loss per share attributable to owners of the Company</b> |             |   |                 |  |                 |
|   | <i>7</i>    | <i>US cents</i>   | <i>US cents</i> | <i>US cents</i>  | <i>US cents</i> |
| Basic   |             |   |                 |  |                 |
| Continuing operations                                       |             | <b>(4.15)</b>   | (3.09)          | <b>(2.76)</b>  | (3.26)          |
| Discontinued operations                                     |             | <b>(0.56)</b>   | (0.21)          | <b>(0.10)</b>  | (0.06)          |
|   |             | <b>(4.71)</b>   | (3.30)          | <b>(2.86)</b>  | (3.32)          |
| Diluted   |             |   |                 |  |                 |
| Continuing operations                                       |             | <b>N/A</b>  | N/A             | <b>N/A</b>   | N/A             |
| Discontinued operations                                     |             | <b>N/A</b>  | N/A             | <b>N/A</b>   | N/A             |
|   |             | <b>N/A</b>  | N/A             | <b>N/A</b>   | N/A             |

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months and three months ended 30 September 2013*

|   | <b>Unaudited</b>          |                 | <b>Unaudited</b>          |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|
|   | <b>Nine months</b>        |                 | <b>Three months</b>       |                 |
|   | <b>ended 30 September</b> |                 | <b>ended 30 September</b> |                 |
|   | (Restated)                |                 | (Restated)                |                 |
|   | <b>2013</b>               | 2012            | <b>2013</b>               | 2012            |
|   | <i>US\$'000</i>           | <i>US\$'000</i> | <i>US\$'000</i>           | <i>US\$'000</i> |
| <b>Loss for the period</b>  | <b>(6,564)</b>            | (4,300)         | <b>(3,934)</b>            | (4,668)         |
| <b>Other comprehensive income:</b>                                      |                           |                 |                           |                 |
| Exchange differences on translating foreign operations                  | <b>19</b>                 | 1               | <b>4</b>                  | (1)             |
| Available-for-sale investments  |                           |                 |                           |                 |
| Reclassification adjustment upon disposal of subsidiaries               | <b>(218)</b>              | –               | –                         | –               |
| Deficit on revaluation  | <b>(7)</b>                | (10)            | <b>(2)</b>                | –               |
| Other comprehensive income for the period, net of tax                   | <b>(206)</b>              | (9)             | <b>2</b>                  | (1)             |
| <b>Total comprehensive income for the period, before and net of tax</b> | <b>(6,770)</b>            | (4,309)         | <b>(3,932)</b>            | (4,669)         |
| <b>Attributable to:</b>   |                           |                 |                           |                 |
| Owners of the Company   | <b>(6,700)</b>            | (4,032)         | <b>(3,931)</b>            | (4,574)         |
| Non-controlling interests   | <b>(70)</b>               | (277)           | <b>(1)</b>                | (95)            |
| <b>Total comprehensive income for the period, before and net of tax</b> | <b>(6,770)</b>            | (4,309)         | <b>(3,932)</b>            | (4,669)         |

## NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT

### 1. BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000.

The Company acts as the holding company of the Group. The Group is principally engaged in the businesses of asset management. Following the signing of the agreement to sell to Mr. Ulric Leung Yuk Lun, a former director of the Company, certain assets (the "Sale Assets") and the Group's interests in Crosby Asset Management (Holdings) Limited and Crosby Investments (BVI) Limited (the "Disposal Groups") on 27 September 2013, the Sale Assets and the assets and liabilities attributable to the Disposal Groups have been reclassified as disposal groups held for sale and discontinued operations. Those businesses disposed of during the previous quarters for the current year, as detailed in note 6 to the unaudited consolidated financial information, and the comparative figures were re-presented as discontinued operations. Wealth management business, which ceased business on 28 September 2012 and has been resolved to put into voluntary liquidation during the period as consistent with that disclosed in the Company's annual audited consolidated financial statements for the year ended 31 December 2012 ("2012 Annual Report"). Details of these discontinued operations are set out in note 6 to the unaudited consolidated financial information.

The unaudited consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The unaudited consolidated financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited consolidated financial information has been prepared under historical cost basis except for financial instruments classified as available-for-sale and at fair value through profit or loss which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited consolidated financial information, are consistent with those set out in the Company's 2012 Annual Report.

For the purpose of presenting discontinued operations, the comparative unaudited consolidated income statement and the related notes have been re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

This consolidated financial information for the nine months ended 30 September 2013 is unaudited but has been reviewed by the audit committee of the Company.

## **2. PRINCIPAL ACCOUNTING POLICIES**

This unaudited consolidated financial information should be read in conjunction with the Company's 2012 Annual Report, which have been prepared in accordance with IFRSs.

The principal accounting policies adopted to prepare the unaudited consolidated financial information are consistent with those adopted to prepare to the Company's 2012 Annual Report except for the following additional accounting policy adopted by the Group as set out below:

### **Non-current assets held for sale and disposal groups**

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the period are included in profit or loss up to the date of disposal.

The Group has not early adopted the new/revised IFRSs which have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new/revised IFRSs and the Directors so far anticipated that the application of these new/revised IFRSs will have no material impact on the Group's unaudited consolidated financial information.

### **3. REVENUE AND OTHER INCOME – CONTINUING OPERATIONS**

Revenue from continuing operations comprises fund management fee.

Other income mainly comprises interest income, dividend income, gain on disposal of investments and bad debt recoveries.

### **4. TAXATION – CONTINUING OPERATIONS**

Taxation for the nine months ended 30 September 2013 represents under-provision of Hong Kong profits tax provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong in prior year.

No Hong Kong profits tax has been provided for the nine months ended 30 September 2012 as the Group did not make any assessable profit for the period.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.



## 5. MOVEMENTS IN RESERVES

|  | Share<br>premium<br>US\$'000 | Capital<br>reserve<br>US\$'000 | Capital<br>redemption<br>reserve<br>US\$'000 | Employee<br>share-based<br>compensation<br>reserve<br>US\$'000 | Investment<br>revaluation<br>reserve<br>US\$'000 | Foreign<br>exchange<br>reserve<br>US\$'000 | Accumulated<br>losses<br>US\$'000 | Total<br>US\$'000 |
|--|------------------------------|--------------------------------|--|--|--|--|-----------------------------------|-------------------|
| At 1 January 2013 (Audited)  | 438                          | 271                            | 77   | 4,430  | 218  | 6  | (24,431)                          | (18,991)          |
| Employee share-based compensation  | -                            | -                              | -  | 223  | -  | -  | -                                 | 223               |
| Lapse of share options   | -                            | -                              | -  | (35)   | -  | -  | 35                                | -                 |
| Transactions with owners   | -                            | -                              | -  | 188  | -  | -  | 35                                | 223               |
| Loss for the period  | -                            | -                              | -  | -  | -  | -  | (6,494)                           | (6,494)           |
| Other comprehensive income:  |                              |                                |  |  |  |  |                                   |                   |
| Exchange differences on translating<br>foreign operations                                      | -                            | -                              | -  | -  | -  | 19   | -                                 | 19                |
| Available-for-sale investments<br>Reclassification adjustment upon<br>disposal of subsidiaries | -                            | -                              | -  | -  | (218)  | -  | -                                 | (218)             |
| Deficit on revaluation   | -                            | -                              | -  | -  | (7)  | -  | -                                 | (7)               |
| Total comprehensive income for the period  | -                            | -                              | -  | -  | (225)  | 19   | (6,494)                           | (6,700)           |
| <b>At 30 September 2013 (Unaudited)</b>  | <b>438</b>                   | <b>271</b>                     | <b>77</b>                                    | <b>4,618</b>   | <b>(7)</b>                                       | <b>25</b>                                  | <b>(30,890)</b>                   | <b>(25,468)</b>   |
| At 1 January 2012 (Audited)  | 107,943                      | 271                            | 77   | 7,034  | 237  | 4  | (143,228)                         | (27,662)          |
| Employee share-based compensation  | -                            | -                              | -  | 180  | -  | -  | -                                 | 180               |
| Lapse of share options   | -                            | -                              | -  | (166)  | -  | -  | 166                               | -                 |
| Issue of shares upon conversion of bonds   | 696                          | -                              | -  | -  | -  | -  | -                                 | 696               |
| Capital reduction  | (108,639)                    | -                              | -  | -  | -  | -  | 120,857                           | 12,218            |
| Issue of shares upon exercise of warrants  | 438                          | -                              | -  | -  | -  | -  | -                                 | 438               |
| Transactions with owners   | (107,505)                    | -                              | -  | 14   | -  | -  | 121,023                           | 13,532            |
| Loss for the period  | -                            | -                              | -  | -  | -  | -  | (4,023)                           | (4,023)           |
| Other comprehensive income:  |                              |                                |  |  |  |  |                                   |                   |
| Exchange differences on translating<br>foreign operations                                      | -                            | -                              | -  | -  | -  | 1  | -                                 | 1                 |
| Available-for-sale investments<br>Deficit on revaluation                                       | -                            | -                              | -  | -  | (10)   | -  | -                                 | (10)              |
| Total comprehensive income for the period  | -                            | -                              | -  | -  | (10)   | 1  | (4,023)                           | (4,032)           |
| At 30 September 2012 (Unaudited)   | 438                          | 271                            | 77   | 7,048  | 227  | 5  | (26,228)                          | (18,162)          |

## 6. DISCONTINUED OPERATIONS

|  | Unaudited<br>Nine months<br>ended 30 September |                         | Unaudited<br>Three months<br>ended 30 September |                         |
|--|--|-------------------------|---|-------------------------|
|  |  | (Restated)              |   | (Restated)              |
|  | 2013<br><i>US\$'000</i>                        | 2012<br><i>US\$'000</i> | 2013<br><i>US\$'000</i>                         | 2012<br><i>US\$'000</i> |
| <b>Revenue</b>   | <b>26</b>                                      | 387                     | –   | 68                      |
| Cost of sales  | –  | (2)                     | –   | –                       |
| <b>Gross profit</b>  | <b>26</b>                                      | 385                     | –   | 68                      |
| Loss on financial assets at fair value<br>through profit or loss | (5)  | (14)                    | –   | (8)                     |
| Other income   | 42   | 210                     | –   | 77                      |
| Administrative expenses  | (641)  | (1,155)                 | (4)   | (334)                   |
| Other operating expenses   | (294)  | (125)                   | (128)   | (35)                    |
| <b>Loss from operations</b>                                      | <b>(872)</b>                                   | (699)                   | <b>(132)</b>                                    | (232)                   |
| Finance costs  | (3)  | (2)                     | –   | –                       |
| Share of profit of a jointly controlled<br>entity                | 34   | 163                     | –   | 54                      |
| <b>Loss before taxation</b>                                      | <b>(841)</b>                                   | (538)                   | <b>(132)</b>                                    | (178)                   |
| Taxation   | –  | –                       | –   | –                       |
| <b>Loss for the period</b>                                       | <b>(841)</b>                                   | <b>(538)</b>            | <b>(132)</b>                                    | <b>(178)</b>            |

The discontinued operations comprise the following businesses:

1. On 27 September 2013, the Group entered into a disposal agreement with Mr. Ulric Leung Yuk Lun, a former director of the Company, to sell the Sale Assets and the Disposal Groups to him for cash consideration of HK\$2,200,000 (approximately US\$282,051) and HK\$2,181,408 (approximately US\$279,667) respectively (the “Disposal”). The Disposal will be completed on or before 31 October 2013;
2. On 13 June 2013, the Group disposed to Crosby Management Holdings Limited, which is 96.7% owned by a director of Shikumen Capital Management (HK) Limited, a wholly owned subsidiary of the Company, its entire interests in Crosby Securities Limited and Steeple Capital Limited;
3. On 26 June 2013, the Group disposed to companies beneficially owned by Mr. Johnny Chan Kok Chung, a former director of the Company, its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a jointly controlled entity of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary; and
4. Wealth management business was ceased on 28 September 2012 and has been resolved to be put into voluntary liquidation, as consistent with the comparative figures for corresponding period last year.

## 7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

|  | Unaudited<br>Nine months<br>ended 30 September |                    | Unaudited<br>Three months ended<br>30 September |                    |
|--|--|--------------------|---|--------------------|
|  |  | (Restated)         |   | (Restated)         |
|  | 2013   | 2012               | 2013  | 2012               |
| <i>(US\$'000)</i>  |  |                    |   |                    |
| Consolidated loss attributable to owners of the Company  |  |                    |   |                    |
| Continuing operations  | <b>(5,723)</b>                                 | (3,762)            | <b>(3,802)</b>                                  | (4,490)            |
| Discontinued operations  | <b>(771)</b>                                   | (261)              | <b>(131)</b>                                    | (83)               |
|  | <b><u>(6,494)</u></b>                          | <u>(4,023)</u>     | <b><u>(3,933)</u></b>                           | <u>(4,573)</u>     |
| <i>(Number)</i>  |  |                    |   |                    |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <b><u>137,779,206</u></b>                      | <u>122,022,527</u> | <b><u>137,779,206</u></b>                       | <u>137,779,206</u> |
| <i>(US cents)</i>  |  |                    |   |                    |
| Basic loss per share   |  | (Restated)         |   | (Restated)         |
| Continuing operations  | <b>(4.15)</b>                                  | (3.09)             | <b>(2.76)</b>                                   | (3.26)             |
| Discontinued operations  | <b>(0.56)</b>                                  | (0.21)             | <b>(0.10)</b>                                   | (0.06)             |
|  | <b><u>(4.71)</u></b>                           | <u>(3.30)</u>      | <b><u>(2.86)</u></b>                            | <u>(3.32)</u>      |

### (b) Diluted loss per share

No diluted loss per share for the nine months and three months ended 30 September 2013 and 30 September 2012 are shown as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

## DISCLOSURE OF INTERESTS

### (a) Directors

As at 30 September 2013, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

#### (i) *Interests in the ordinary shares of the Company*

| Name of Director               | Personal interest | Family interest | Corporate interest | Aggregate long position in ordinary shares of the Company | Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue % |
|--------------------------------|-------------------|-----------------|--------------------|---|---|
| Clive Ng Cheang Neng<br>(Note) | -                 | -               | 3,300,000          | 3,300,000   | 2.40  |

*Note:* Fortune Builder Limited (“Fortune Builder”) owns 3,300,000 ordinary shares of the Company. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

(ii) *Interests in the redeemable convertible preference shares (“RCPS”) of the Company*

| Name of Director               | Personal<br>interest | Family<br>interest | Corporate<br>interest | Aggregate long<br>position in<br>RCPS of<br>the Company | Percentage which<br>the aggregate long<br>position in RCPS<br>represents to the<br>total RCPS of<br>the Company in issue<br>% |
|--------------------------------|----------------------|--------------------|-----------------------|---|---|
| Clive Ng Cheang Neng<br>(Note) | -                    | -                  | 895,900               | 895,900   | 8.94  |

*Note:* Fortune Builder Limited (“Fortune Builder”) owns 895,900 RCPS of the Company, which can be convertible into 17,043,951 ordinary shares at conversion price of HK\$0.82 per share (reset on 14 September 2013) upon full conversion, representing 12.37% of the total ordinary share capital of the Company in issue. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

(iii) *Short positions*

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

Save as disclosed above, as at 30 September 2013, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

**(b) Substantial Shareholders and Other Persons**

As at 30 September 2013, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

*(i) Interests in the ordinary shares and underlying shares of the Company*

| Name  | Aggregate long position in ordinary shares | Aggregate long position in underlying shares of the Company | The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue % |
|---|--|---|--|
| <b>Substantial Shareholders</b>                   |  |   |  |
| Able Supreme Management Limited<br>(Note 1)       | 25,305,925                                 | 142,050,137   | 121.47   |
| Billion Pine International Limited (Note 1)       | 25,305,925                                 | 142,050,137   | 121.47   |
| Hu Yin (Note 1)                                   | 25,305,925                                 | 142,050,137   | 121.47   |
| Main Wealth Enterprises Limited (Note 2)          | 28,466,576                                 | 46,153,846  | 54.16  |
| Proven Bravo Limited (Note 2)                     | 28,466,576                                 | 46,153,846  | 54.16  |
| Feng Yuantao (Note 2)                             | 28,466,576                                 | 46,153,846  | 54.16  |
| Yang Shengrong (Note 3)                           | 21,000,000                                 | 17,948,717  | 28.27  |
| Legend Vantage Limited (Note 4)                   | 6,592,000                                  | 51,282,051  | 42.00  |
| Li Guangrong (Note 4)                             | 6,592,000                                  | 51,282,051  | 42.00  |
| Platinum Century Limited (Note 5)                 | 5,700,000                                  | 16,832,394  | 16.35  |
| Tam Yuk Ching Jenny (Note 5)                      | 5,700,000                                  | 16,832,394  | 16.35  |
| Fortune Builder Limited (Note 6)                  | 3,300,000                                  | 17,043,951  | 14.76  |
| Clive Ng Cheang Neng (Note 6)                     | 3,300,000                                  | 17,043,951  | 14.76  |
| Wu Yiu Fai  | 7,640,000                                  | –   | 5.50   |
| <b>Other Persons</b>                              |  |   |  |
| Greyhound International Limited (Note 7)          | –  | 51,282,051  | 37.22  |
| James Wu Ting Fai (Note 7)                        | –  | 51,282,051  | 37.22  |
| Unlimited Creativity Holdings Limited<br>(Note 8) | –  | 24,358,974  | 17.68  |

*Notes:*

1. Able Supreme Management Limited (“Able Supreme”) held 25,305,925 ordinary shares and 6,388,500 RCPS of the Company. Able Supreme also owns 142,050,137 underlying shares, out of which 20,512,820 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$16,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013); and 121,537,317 ordinary shares will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.82 per share (reset on 14 September 2013). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.
2. Main Wealth Enterprises Limited (“Main Wealth”) owns 28,466,576 ordinary shares of the Company and 46,153,846 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$36,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). The entire issued share capital of Main Wealth is held by Proven Bravo Limited, which in turn is beneficially wholly owned by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Main Wealth.
3. Ms. Yang Shengrong owns 21,000,000 ordinary shares of the Company and 17,948,717 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$14,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).
4. Legend Vantage Limited (“Legend Vantage”) owns 6,592,000 ordinary shares of the Company and 51,282,051 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$40,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.
5. Platinum Century Limited (“Platinum Century”) owns 5,700,000 ordinary shares and 750,000 RCPS of the Company. Platinum Century also owns 16,832,394 underlying shares, out of which 2,564,102 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$2,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013); and 14,268,292 ordinary shares will be allotted and issued upon full conversion of 750,000 RCPS at conversion price of HK\$0.82 per share (reset on 14 September 2013). Ms. Tam Yuk Ching Jenny is deemed to be interested in these shares through her 100% interests in Platinum Century.
6. Fortune Builder Limited (“Fortune Builder”) owns 3,300,000 ordinary shares and 895,900 RCPS of the Company which can be convertible into 17,043,951 ordinary shares at conversion price of HK\$0.82 per share (reset on 14 September 2013) upon full conversion. Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company is deemed to be interested in these shares through his 100% interests in Fortune Builder.



7. Greyhound International Limited (“Greyhound International”) owns 51,282,051 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$40,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). Mr. James Wu Ting Fai is deemed to be interested in these shares through his 100% interests in Greyhound International.
8. Unlimited Creativity Holdings Limited owns 24,358,974 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$19,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).

*(ii) Short positions*

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 30 September 2013, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 September 2013, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

**(c) Share Options**

Pursuant to the Company’s Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including Directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Stock Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Company's Share Option Scheme are exercisable as follows:

- (a) the first 30% of the options between the first and tenth anniversary of the date of grant;
- (b) the next 30% of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

| Date of grant<br>(dd/mm/yyyy) | Exercise price<br>HK\$ | Exercise period<br>(dd/mm/yyyy) | Number of Share Options               |                                 |                                   |  |  |
|-------------------------------|------------------------|---------------------------------|---------------------------------------|---------------------------------|-----------------------------------|--|--|
|                               |                        |                                 | Balance<br>as at<br>1 January<br>2013 | Granted<br>during<br>the period | Exercised<br>during<br>the period | Cancelled/<br>lapsed<br>during<br>the period | Balance<br>as at<br>30 September<br>2013 |
| 24/03/2006                    | 57.054                 | 24/03/2007 to 23/03/2016        | 269,916                               | -                               | -                                 | -  | 269,916                                  |
| 26/04/2006                    | 57.054                 | 26/04/2007 to 25/04/2016        | 809,756                               | -                               | -                                 | -  | 809,756                                  |
| 29/01/2007                    | 27.045                 | 29/01/2008 to 28/01/2017        | 134,956                               | -                               | -                                 | -  | 134,956                                  |
| 11/02/2008                    | 13.337                 | 11/02/2009 to 10/02/2018        | 708,543                               | -                               | -                                 | -  | 708,543                                  |
| 29/12/2008                    | 1.334                  | 29/12/2009 to 28/12/2018        | 269,916                               | -                               | -                                 | -  | 269,916                                  |
| 07/10/2010                    | 1.171                  | 07/10/2011 to 06/10/2020        | 2,523,739                             | -                               | -                                 | (202,439)                                    | 2,321,300                                |
| 16/03/2012                    | 1.206                  | 16/03/2013 to 15/03/2022        | 4,905,000                             | -                               | -                                 | (580,000)                                    | 4,325,000                                |
| 14/05/2012                    | 1.136                  | 14/05/2013 to 13/05/2022        | 980,000                               | -                               | -                                 | -  | 980,000                                  |
|                               |                        |                                 | <u>10,601,826</u>                     | <u>-</u>                        | <u>-</u>                          | <u>(782,439)</u>                             | <u>9,819,387</u>                         |

782,439 options were lapsed upon termination of employment during the nine months ended 30 September 2013.

No option granted under the Share Option Scheme had been exercised during the nine months ended 30 September 2013.

**(d) Competing Interests**

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

**AUDIT COMMITTEE**

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Yuen Kwok On, Shi Jinsheng and Sin Hendrick. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 7 November 2013. The unaudited consolidated financial information of the Company for the nine months ended 30 September 2013 has been reviewed by the audit committee.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company has not redeemed any of its shares during the nine months ended 30 September 2013 and 30 September 2012. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the nine months ended 30 September 2013 and 30 September 2012.

By Order of the Board  
**CROSBY CAPITAL LIMITED**  
**Clive Ng Cheang Neng**  
*Chairman and Executive Director*

Hong Kong, 7 November 2013

*As at the date of this announcement, the Directors of the Company are:*

*Executive Directors: Liu Guang He, Clive Ng Cheang Neng, Stephen Shiu Junior  
and Nelson Tong Naiyi*

*Independent Non-Executive Directors: Shi Jinsheng, Sin Hendrick and Yuen Kwok On*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of Crosby Capital Limited at [www.crosbycapitallimited.com](http://www.crosbycapitallimited.com).*